

**DEVELOPER'S PUBLIC REPORT  
FOR A CONDOMINIUM**

|                             |  |
|-----------------------------|--|
| CONDOMINIUM<br>PROJECT NAME | KAHAKAPAO HOMESTEADS MAUKA CONDOMINIUM   |
| Project Address             | 75 Ehu Road, Makawao, Maui, Hawaii 96768 |
| Registration Number         | 6843 (Partial Conversion)                |
| Effective Date of Report    | <b>September 15, 2009</b>                |
| Developer(s)                | JOHN M. GUARIN, II<br>KIMMIE S. OUCHI    |

**Preparation of this Report**

The Developer prepared this report to disclose relevant information, including "material facts", that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines "material facts" to mean "any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale."

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts or all pertinent changes, or both, about the project have been fully or adequately disclosed; and (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, including any omitted material facts, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

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*This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.*

## **SPECIAL ATTENTION**

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report.]

This is a CONDOMINIUM PROJECT, not a subdivision. It does not involve the sale of individual subdivided lots. The land area beneath and immediately appurtenant to each unit is designated a LIMITED COMMON ELEMENT and not a legally subdivided lot.

1. This public report does not constitute approval of the Project by the Real Estate Commission, or any other government agency.
2. There are County restrictions on the number of farm dwelling units, or other structures, which may be built on the property which is zoned Agricultural. The Buyer should consult with the appropriate Maui County agencies to determine what residences and structures are permitted under Maui County regulation to be built on the property. Under the current zoning ordinance, two farm dwellings are permitted on the lot. Lot 2-C will consist of Unit 1 which is a "spatial area" containing 48,259 sq. ft., and Unit 2 is an existing single-family farm dwelling restricted to 1,000 sq. ft. of developable area as a second farm (Ohana) dwelling. The Purchaser should consult with the appropriate County Agencies to determine whether the Purchaser may build a farm dwelling unit, or any other type of structure, on the property.
3. Facilities and improvements normally associated with County approved subdivisions, such as upgraded water facilities, improved access for emergency traffic and County sewer service, etc., may not be provided.
4. County sewer service is not available. Unit 2 has its own septic waste system, the location of which is shown on the Condominium Property Regime Map. The owners of Unit 1 shall have to install its own septic waste system within its respective limited common area. The owner of each unit shall be responsible for the cost of maintaining, operating and/or replacing (and when applicable, constructing) said unit's system. No representations or warranties are made as to the quality, useful life, replacement cost, operating cost, or maintenance cost of the system and appurtenances.
5. In a condominium, all of the land included in the condominium remains a single, unsubdivided parcel of land for purposes of zoning and land use regulation. If one unit owner violates a regulation, the violation is attributable to both that owner and the innocent owner of each other unit. For example, if one owner builds or adds to a structure in a manner which violates height limits, size limit, setbacks, building permit requirements, or flood zone rules, or uses the unit for an unauthorized additional dwelling or short term rental, the violation applies to the entire condominium and the innocent unit owner may be subject to fines or may be denied a building permit as long as the violation remains uncured. **BUYER SHOULD CONSULT WITH AN ATTORNEY CONCERNING THESE IMPORTANT RISKS.**
6. Each unit within this condominium project will have a 50% interest in the common elements, therefore, all unit owners (100%) must attend the Association of Unit Owners' meetings in order to have a quorum to conduct business and approve any action.

**THE PROSPECTIVE PURCHASER IS CAUTIONED TO CAREFULLY REVIEW THE CONDOMINIUM DOCUMENTS REFERENCED IN THIS DEVELOPER'S PUBLIC REPORT FOR FURTHER INFORMATION WITH REGARD TO THE FOREGOING. EACH BUYER IS ALSO ADVISED TO CONTACT THE APPROPRIATE GOVERNMENT AGENCIES TO DETERMINE SPECIFIC REQUIREMENTS FOR THIS PROPERTY, AND TO CONSULT WITH AN ATTORNEY AND OTHER APPROPRIATE PROFESSIONALS.**

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## **General Information On Condominiums**

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. In addition, certain requirements and approvals of the county in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

If you are a typical condominium unit owner, you will have two kinds of ownership: (1) ownership in your individual unit; and (2) a percentage interest in the common elements.

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

## **Operation of the Condominium Project**

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first that the Developer will effectively control the affairs of the Association. It is frequently necessary for the Developer to do so during the early stages of development and the Developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

# 1. THE CONDOMINIUM PROJECT

## 1.1 The Underlying Land

|  |  |
|--|--|
| Fee Simple or Leasehold Project  | <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold (attach Leasehold Exhibit) |
| Developer is the Fee Owner   | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  |
| Fee Owner's Name if Developer is not the Fee Owner                                     |  |
| Address of Project   | 75 Ehu Road, Makawao, Maui, Hawaii 96768   |
| Address of Project is expected to change because                                       |  |
| Tax Map Key (TMK)  | (2) 2-4-013-218  |
| Tax Map Key is expected to change because  |  |
| Land Area  | 2.143 acres  |
| Developer's right to acquire the Property if Developer is not the Fee Owner (describe) |  |

## 1.2 Buildings and Other Improvements

|  |                   |
|--|-------------------|
| Number of Buildings  | 1                 |
| Floors Per Building  | 1                 |
| Number of New Building(s)  | n/a               |
| Number of Converted Building(s)  | 1                 |
| Principle Construction Materials (concrete, wood, hollow tile, steel, glass, etc.) | Unit 2 is of wood |

## 1.3 Unit Types and Sizes of Units

| Unit Type          | Quantity | BR/Bath | Net Living Area | Net Other Areas | Other Areas (lanai, garage, etc) | Total Area |
|--------------------|----------|---------|-----------------|-----------------|----------------------------------|------------|
| 1 (Spatial)        | 1        |         | 7,355 sq. ft.   |                 |                                  | 7,355 sf   |
| 2                  | 1        | 3/2     | 957 sq. ft.     | 94.5/924 sf     | laundry/deck                     | 1,975.5 sf |
|                    |          |         |                 |                 |                                  |            |
|                    |          |         |                 |                 |                                  |            |
|                    |          |         |                 |                 |                                  |            |
|                    |          |         |                 |                 |                                  |            |
|                    |          |         |                 |                 |                                  |            |
|                    |          |         |                 |                 |                                  |            |
|                    |          |         |                 |                 |                                  |            |
| See Exhibit _____. |          |         |                 |                 |                                  |            |

|   |                       |
|---|-----------------------|
| 2 | Total Number of Units |
|---|-----------------------|

Note: Net Living Area is the floor area of the unit measured from the interior surface of the perimeter walls of the unit. Other documents and maps may give floor area figures that differ from those above because a different method of determining floor area may have been used.

#### 1.4 Parking Stalls

|  |   |
|--|---|
| Total Parking Stall in the Project:  | parking rights w/in Limited Common Area (LCA)         |
| Number of Guest Stalls in the Project:   | none  |
| Number of Parking Stalls Assigned to Each Unit:  | each unit has space within its LCA for 2 cars minimum |
| Attach Exhibit <u>n/a</u> specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open). |   |
| If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.  |   |

#### 1.5 Boundaries of the Units

Boundaries of the unit:  
Unit 1 is a "spatial unit". Air space within spatial boundaries described in the Declaration & shown on the Condominium Map. After the unit is improved by construction the unit owner is required to amend the Declaration & Map to redefine unit boundaries. Unit 2 shall be deemed to constitute the entire structure depicted on the Condominium Map, including the exterior surfaces of walls, roof & foundation.

#### 1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project):

See Exhibit "A" attached hereto and made a part hereof.

#### 1.7 Common Interest

**Common Interest:** Each unit will have a percentage interest in the common elements appurtenant to each unit. This interest is called the "common interest". It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:

Described in Exhibit n/a.

As follows:

Unit 1 shall have fifty percent (50%) interest in the common elements; and  
Unit 2 shall have fifty percent (50%) interest in the common elements.

#### 1.8 Recreational and Other Common Facilities (Check if applicable):

|                          |                          |
|--------------------------|--------------------------|
| <input type="checkbox"/> | Swimming pool            |
| <input type="checkbox"/> | Laundry Area             |
| <input type="checkbox"/> | Storage Area             |
| <input type="checkbox"/> | Tennis Court             |
| <input type="checkbox"/> | Recreation Area          |
| <input type="checkbox"/> | Trash Chute/Enclosure(s) |
| <input type="checkbox"/> | Exercise Room            |
| <input type="checkbox"/> | Security Gate            |
| <input type="checkbox"/> | Playground               |
| <input type="checkbox"/> | Other (describe):        |

### 1.9 Common Elements

**Common Elements:** Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of unit owners. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.

Described in Exhibit "B" \_\_\_\_\_.

Described as follows:

The land described in Exhibit "B" attached hereto.

| Common Element | Number |
|----------------|--------|
| Elevators      | 0      |
| Stairways      | 0      |
| Trash Chutes   | 0      |

### 1.10 Limited Common Elements

**Limited Common Elements:** A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.

Described in Exhibit \_\_\_\_\_.

Described as follows:

The limited common elements are the land area as shown on the Condominium Map assigned to that particular unit.

### 1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.

|                                     |  |
|-------------------------------------|--|
| <input type="checkbox"/>            | Pets:                                  |
| <input type="checkbox"/>            | Number of Occupants:                   |
| <input checked="" type="checkbox"/> | Other: See page 5a attached hereto.    |
| <input type="checkbox"/>            | There are no special use restrictions. |

### 1.12 Encumbrances Against Title

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).

Exhibit "C" \_\_\_\_\_ describes the encumbrances against title contained in the title report described below.

Date of the title report:

Company that issued the title report: Fidelity National Title & Escrow of Hawaii, Inc.



CONTINUATION OF PAGE 5, Section 1.11, Special Use Restrictions, "Other":

- (a) No "time-sharing interest" in any unit in the project; and
- (b) No units and limited common elements shall be used for commercial or industrial purposes, other than home occupation and agricultural uses.

### 1.13 Uses Permitted by Zoning and Zoning Compliance Matters

| Uses Permitted by Zoning  |                            |               |   |                             |              |
|---|----------------------------|---------------|---|-----------------------------|--------------|
|   | Type of Use                | No. of Units  | Use Permitted by Zoning   |                             | Zoning       |
| <input type="checkbox"/>  | Residential                |               | <input type="checkbox"/> Yes  | <input type="checkbox"/> No |              |
| <input type="checkbox"/>  | Commercial                 |               | <input type="checkbox"/> Yes  | <input type="checkbox"/> No |              |
| <input type="checkbox"/>  | Mix Residential/Commercial |               | <input type="checkbox"/> Yes  | <input type="checkbox"/> No |              |
| <input type="checkbox"/>  | Hotel                      |               | <input type="checkbox"/> Yes  | <input type="checkbox"/> No |              |
| <input type="checkbox"/>  | Timeshare                  |               | <input type="checkbox"/> Yes  | <input type="checkbox"/> No |              |
| <input type="checkbox"/>  | Ohana                      |               | <input type="checkbox"/> Yes  | <input type="checkbox"/> No |              |
| <input type="checkbox"/>  | Industrial                 |               | <input type="checkbox"/> Yes  | <input type="checkbox"/> No |              |
| <input type="checkbox"/>  | Agricultural               |               | <input type="checkbox"/> Yes  | <input type="checkbox"/> No |              |
| <input type="checkbox"/>  | Recreational               |               | <input type="checkbox"/> Yes  | <input type="checkbox"/> No |              |
| <input checked="" type="checkbox"/>   | Other (Specify):           | 2 (1 spatial) | <input checked="" type="checkbox"/> Yes                             | <input type="checkbox"/> No | Agricultural |
| Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws? |                            |               | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |                             |              |
| Variances to zoning code have been granted.   |                            |               | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |                             |              |
| Describe any variances that have been granted to zoning code                            |                            |               |   |                             |              |

### 1.14 Other Zoning Compliance Matters

| Conforming/Non-Conforming Uses, Structures and Lots   |                                     |                          |                          |
|---|-------------------------------------|--------------------------|--------------------------|
| <p>In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.</p> <p>If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.</p> <p>A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.</p> |                                     |                          |                          |
|   | Conforming                          | Non-Conforming           | Illegal                  |
| Uses  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Structures  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Lot   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p>  |                                     |                          |                          |

### 1.15 Conversions

|   |   |
|---|---|
| Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.   | <input type="checkbox"/> Applicable<br><input checked="" type="checkbox"/> Not Applicable |
| Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:<br><br>n/a  |   |
| Developer's statement of the expected useful life of each item reported above:<br>The present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the apartments are in sound and good condition and the seller makes no representations as to the expected useful life of said apartments. |   |
| List of any outstanding notices of uncured violations of any building code or other county regulations:<br><br>none   |   |
| Estimated cost of curing any violations described above:<br><br>n/a   |   |

|  |  |
|--|--|
| <b>Verified Statement from a County Official</b>   |  |
| Regarding any converted structures in the project, attached as Exhibit " <u>D</u> " is a verified statement signed by an appropriate county official which states that either: |  |
| (A)  | The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable: <ul style="list-style-type: none"> <li>(i) Any variances or other permits that have been granted to achieve compliance;</li> <li>(ii) Whether the project contains any legal non-conforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and</li> <li>(iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance;</li> </ul> <p style="text-align: center;">or</p> |
| (B)  | Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.  |
| Other disclosures and information:   |  |

### 1.16 Project In Agricultural District

|   |  |
|---|--|
| <p><b>Is the project in an agricultural district as designated by the land use laws of the State of Hawaii?</b><br/> <b>If answer is "Yes", provide information below.</b></p>  | <p><input type="checkbox"/> Yes<br/> <input type="checkbox"/> No</p> |
| <p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation.</p>  |  |
| <p>Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.</p> |  |
| <p>Other disclosures and information:</p>   |  |

### 1.17 Project with Assisted Living Facility

|   |   |
|---|---|
| <p><b>Does the project contain any assisted living facility units subject to Section 321-11(10), HRS?</b><br/> <b>If answer is "Yes", complete information below.</b></p> | <p><input type="checkbox"/> Yes<br/> <input checked="" type="checkbox"/> No</p> |
| <p>Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.</p>                                      |   |
| <p>The nature and the scope of services to be provided.</p>   |   |
| <p>Additional costs, directly attributable to the services, to be included in the association's common expenses.</p>  |   |
| <p>The duration of the provision of the services.</p>   |   |
| <p>Other possible impacts on the project resulting from the provision of the services.</p>  |   |
| <p>Other disclosures and information.</p>   |   |

## 2. PERSONS CONNECTED WITH THE PROJECT

|  |  |
|--|--|
| <b>2.1 Developer(s)</b>  | Name: JOHN M. GUARIN, II<br>KIMMIE S. OUCHI<br><br>Business Address: P.O. Box 156<br>Makawao, Hawaii 96768<br><br>Business Phone Number : (808) 281-0086<br>E-mail Address: johnnyg18@msn.com  |
| Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary). | n/a  |
| <b>2.2 Real Estate Broker</b>  | Name: Wailea Village Properties LLC, dba (*see below)<br>Business Address: 1037 Makawao Avenue<br>Makawao, Hawaii 96768<br>*Island Sotheby's International Realty<br>Business Phone Number: (808) 572-8600<br>E-mail Address: vincentpal@aol.com |
| <b>2.3 Escrow Depository</b>   | Name: Fidelity National Title & Escrow of Hawaii, Inc.<br>Business Address: 12 Kiopa'a St., Ste. 101<br>Pukalani, Hawaii 96768<br><br>Business Phone Number: (808) 573-0110  |
| <b>2.4 General Contractor</b>  | Name: n/a<br>Business Address:<br><br><br>Business Phone Number:   |
| <b>2.5 Condominium Managing Agent</b>  | Name: n/a (self-managed by the Association)<br>Business Address:<br><br><br>Business Phone Number:   |
| <b>2.6 Attorney for Developer</b>  | Name: DAVID M. JORGENSEN, ESQ.<br>Business Address: 2145 Wells St., Ste. 204<br>Wailuku, Hawaii 96793<br><br>Business Phone Number: (808) 242-4555   |

### 3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

#### 3.1 Declaration of Condominium Property Regime

The Declaration of Condominium Property Regime contains a description of the land, buildings, units, common interests, common elements, limited common elements, and other information relating to the condominium project.

| Land Court or Bureau of Conveyances | Date of Document | Document Number |
|-------------------------------------|------------------|-----------------|
| Bureau of Conveyances               | May 15, 2009     | 2009-080845     |

| Amendments to Declaration of Condominium Property Regime |                  |                 |
|--|------------------|-----------------|
| Land Court or Bureau of Conveyances                      | Date of Document | Document Number |
|  |                  |                 |
|  |                  |                 |
|  |                  |                 |
|  |                  |                 |

#### 3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters that affect how the condominium project will be governed.

| Land Court or Bureau of Conveyances | Date of Document | Document Number |
|-------------------------------------|------------------|-----------------|
| Bureau of Conveyances               | June 1, 2009     | 2009-088078     |

| Amendments to Bylaws of the Association of Unit Owners |                  |                 |
|--|------------------|-----------------|
| Land Court or Bureau of Conveyances                    | Date of Document | Document Number |
|  |                  |                 |
|  |                  |                 |
|  |                  |                 |
|  |                  |                 |

#### 3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.

| Land Court Map Number                                      |      |
|--|------|
| Bureau of Conveyances Map Number                           | 4805 |
| Dates of Recordation of Amendments to the Condominium Map: |      |
|  |      |



#### 4. CONDOMINIUM MANAGEMENT

##### 4.1 Management of the Common Elements

|  |  |
|--|--|
| <u>Management of the Common Elements:</u> The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project. |  |
| The initial Condominium Managing Agent for this project is (check one):  |  |
| <input type="checkbox"/>   | Not affiliated with the Developer              |
| <input checked="" type="checkbox"/>  | None (self-managed by the Association)         |
| <input type="checkbox"/>   | The Developer or an affiliate of the Developer |
| <input type="checkbox"/>   | Other (explain)                                |

##### 4.2 Estimate of the Initial Maintenance Fees

|  |
|--|
| <u>Estimate of the Initial Maintenance Fees:</u> The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided. |
| Exhibit "E" contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.  |

##### 4.3 Utility Charges to be Included in the Maintenance Fee

|  |                                     |
|--|-------------------------------------|
| If checked, the following utilities are included in the maintenance fee: |                                     |
| <input type="checkbox"/>   | Electricity for the common elements |
| <input type="checkbox"/>   | Gas for the common elements         |
| <input type="checkbox"/>   | Water                               |
| <input type="checkbox"/>   | Sewer                               |
| <input type="checkbox"/>   | TV Cable                            |
| <input type="checkbox"/>   | Other (specify)                     |

##### 4.4 Utilities to be Separately Billed to Unit Owner

|  |                               |
|--|-------------------------------|
| If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee: |                               |
| <input checked="" type="checkbox"/>  | Electricity for the Unit only |
| <input type="checkbox"/>   | Gas for the Unit only         |
| <input type="checkbox"/>   | Water (see Note below)        |
| <input type="checkbox"/>   | Sewer (see Note below)        |
| <input checked="" type="checkbox"/>  | TV Cable                      |
| <input type="checkbox"/>   | Other (specify)               |

Note: The County of Maui does not provide water and sewer services. Such services are Owner's responsibilities. See page 1a, §4 for sewer service and page 18(a) for water service.



## 5. SALES DOCUMENTS

### 5.1 Sales Documents Filed with the Real Estate Commission

|                                     |   |
|-------------------------------------|---|
| <input checked="" type="checkbox"/> | Specimen Sales Contract<br>Exhibit "F" contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.                         |
| <input checked="" type="checkbox"/> | Escrow Agreement dated: May 20, 2009<br>Name of Escrow Company: Fidelity National Title & Escrow of Hawaii, Inc.<br>Exhibit "G" contains a summary of the pertinent provisions of the escrow agreement. |
| <input type="checkbox"/>            | Other:  |

### 5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.

|                          |   |
|--------------------------|---|
| <input type="checkbox"/> | The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.  |
| <input type="checkbox"/> | Developer has designated the units for sale to Owner-Occupants in this report.<br>See Exhibit ____. |
| <input type="checkbox"/> | Developer has or will designate the units for sale to Owner-Occupants by publication.               |

### 5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.

|                                     |   |
|-------------------------------------|---|
| <input type="checkbox"/>            | There are <u>no blanket liens</u> affecting title to the individual units.    |
| <input checked="" type="checkbox"/> | There are <u>blanket liens</u> that may affect title to the individual units. |

| <u>Type of Lien</u>             | Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance |
|---------------------------------|--|
| Mortgage dated December 1, 2006 | Liens will be released & satisfied prior to conveyance. If liens are                                       |
| Doc. No. 2006-223204            | defaulted or foreclosed prior to conveyances, all of Buyer's   |
|                                 | deposits will be refunded immediately by Escrow.   |

### 5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:

Building and Other Improvements:

None

Appliances:

None

## 5.5 Status of Construction, Date of Completion or Estimated Date of Completion

|   |
|---|
| Status of Construction:   |
| Unit 2 was completed in October 2004  |
| Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser. |
| Completion Deadline for any unit not yet constructed, as set forth in the sales contract:   |
| Not applicable as Unit 1 is a "spatial", which future residence will be constructed by the unit owner.  |
| Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:  |
| Not applicable.   |

## 5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

### 5.6.1 Purchaser Deposits Will Not Be Disbursed Before Closing or Conveyance

|                                     |  |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | <p>The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project.</p> <p><i>If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.</i></p> |
|-------------------------------------|--|

### 5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

|  |   |
|--|---|
| Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box): |   |
| <input type="checkbox"/>   | For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or          |
| <input type="checkbox"/>   | For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses. |

In connection with the use of purchaser deposits (check Box A or Box B):

|   |   |
|---|---|
| <p><b>Box A</b></p> <p><input type="checkbox"/></p> | <p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p><b><u>Important Notice Regarding Your Deposits:</u></b> Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>   |
| <p><b>Box B</b></p> <p><input type="checkbox"/></p> | <p>The Developer has <u>not</u> submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the <b><u>Important Notice Regarding Your Deposits</u></b> set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <b><u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u></b> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the <b><u>Important Notice Regarding Your Deposits</u></b> set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p> |

**Material House Bond.** If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

## 5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.

|   |  |
|---|--|
| 1.  | <b>Developer's Public Report</b>   |
| 2.  | <b>Declaration of Condominium Property Regime (and any amendments)</b>   |
| 3.  | <b>Bylaws of the Association of Unit Owners (and any amendments)</b>   |
| 4.  | <b>Condominium Map (and any amendments)</b>  |
| 5.  | House Rules, if any  |
| 6.  | Escrow Agreement   |
| 7.  | Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted. |
| 8.  | Other:   |
| See documents listed in Exhibit "C", which will be provided upon request. |  |

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:

Website to access official copy of laws: [www.capitol.hawaii.gov](http://www.capitol.hawaii.gov)

Website to access rules: [www.hawaii.gov/dcca/har](http://www.hawaii.gov/dcca/har)

## 5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

### 5.8.1 When a Sales Contract becomes Binding and Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

(1) The purchaser has signed the sales contract.  
(2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration and Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.

(3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.

(4) The purchaser does at least one of the following:

(a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

(b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or

(c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.

#### **5.8.2 Right to Cancel a Sales Contract if Completion Deadline Is Missed**

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.

#### **5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After a Material Change**

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking any action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30<sup>th</sup> calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

## **6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT**

1. **AGRICULTURAL USES.** The County of Maui Planning Department has recently adopted a strict enforcement policy requiring agriculture-zoned land to be used for only those agricultural uses permitted by HRS Section 205-4.5 and Maui County Code, Chapter 19.30A. The County's approval of farm plans shall be required as well as actual ongoing implementation. Dwellings may only be constructed and used as "farm dwellings". BUYER SHOULD CONSULT WITH AN ATTORNEY OR THE MAUI COUNTY PLANNING DEPARTMENT FOR ADDITIONAL INFORMATION.

2. **AGRICULTURAL RESTRICTIONS.** State law prohibits all restrictions on agricultural uses and activities on agricultural zoned land. Any such restrictions are invalid if created after July 2003, BUYER UNDERSTANDS THAT ACTIVITIES SUCH AS RAISING ANIMALS OR IRRIGATION AND FERTILIZATION OVERSPRAY ON NEARBY PROPERTIES MAY CAUSE NUISANCES AND INCONVENIENCES TO BUYER.

3. **MAILBOXES.** Mail for Unit 2 is currently received at the local post office. Mail for Unit 1 will also be received at the local post office.

4. **FLOOD INFORMATION.** The Project is located in a Flood Hazard Area Zone C, which are areas of minimal flooding. The owner of each unit shall be responsible for insuring his apartment and its limited common elements against loss or damage by flooding.

5. **LIABILITY INSURANCE.** The owner of each unit shall be responsible to maintain liability insurance for his limited common elements and each policy should name the owner(s) of the other unit as a named or additional insured.

6. **FIRE PROTECTION SYSTEM.** The County of Maui, through its Department of Water Supply, does not provide fire protection to the project. The units within this condominium project are served by a common fire protection system which utilizes a 30,000 gallon water tank fed by the roof of Unit 2 prior to feeding Unit 2's 7,500 gallon tank which provide water for Unit 2, a pump and related electrical equipment, six inch distribution lines, and two standpipes. The fire protection system for the project, including water tank, pump and associated water lines, are defined and covered under the Declaration of Easements for Fire Protection Facilities (the "DEFPP"), recorded in the Bureau of Conveyances as Document No. 2009-020922, dated February 9, 2009. Although the fire protection system is a common element of the project, the maintenance and repair of that system, the costs for such maintenance and repair, and all other rights and obligations with respect to that system are governed by the DEFPP and shall be administered by the "Lot 2 Association, Inc.", a Hawaii non-profit corporation formed for that specific purpose. See Page 8, Section 12.0 of the Declaration of Condominium Property Regime, dated May 15, 2009 or the aforesaid DEFPP document for further information. PURCHASERS SHOULD CONSULT WITH AN ATTORNEY, ENGINEER AND/OR THE COUNTY OF MAUI FOR ADDITIONAL INFORMATION OR REQUIREMENTS OF SAID SYSTEM.

7. **WATER.** The County of Maui does not provide water service to the project. Each unit owner is responsible at their own expense for providing water to their unit and appurtenant limited common element, for all purposes, including but not limited to potable use and irrigation. Unit 2 has an existing water-catchment system utilizing the roof of the structure located within Limited Common Element 2 with gutters running to a metal water storage tank on Limited Common Element 2 (which can hold approximately 7,500 gallons of water), and with a water pump and water filters transferring the water to the plumbing system of Unit 2. This water-catchment system also provides the water utilized in the fire protection system as governed by the DEFPP state above. The owner of Unit 2 shall be required to maintain and repair the roof and gutter system of Unit 2 as may be reasonably necessary to continue providing water to said fire protection system. See Pages 7-8, Section 11.0 of the Declaration of Condominium Property Regime, dated May 15, 2009, for further information. **PURCHASERS SHOULD CONSULT WITH AN ATTORNEY, ENGINEER AND/OR THE COUNTY OF MAUI FOR ADDITIONAL INFORMATION OR REQUIREMENTS OF SAID SYSTEM.**

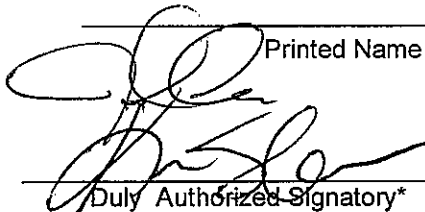
8. **DECLARATION OF COMPLIANCE.** As disclosed in the project's Declaration of Condominium Property Regime, dated May 15, 2009, and the County of Maui's letter, dated May 27, 2009, attached hereto as Exhibit "D" the project is in compliance with all zoning and building ordinances, codes, rules, regulations and all other building requirements pursuant to §514B-5 and there are no pending subdivisions, building code appeals, or administrative waivers currently in process.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

The Developer hereby certifies that all the information contained in this report and the exhibits attached to this report and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

JOHN M. GUARIN, II and KIMMIE S. OUCHI

By:  Printed Name of Developer  
Duly Authorized Signatory\* JUN 15 2009  
Date

JOHN M. GUARIN, II KIMMIE S. OUCHI  
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Maui

Planning Department, County of Maui

**\*Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**



## EXHIBIT "A"

### Permitted Alterations to the Units

The owner of each apartment shall have the right to expand, relocate, alter or improve their apartment from time to time within its limited common area provided that said expansion, relocation, alteration or improvement shall be at least ten (10) feet for **Unit 1** and five (5) feet for **Unit 2** from the limited common element division line between the units and not within the cross-hatched Drainage Reserve areas unless contours and the 100-year flood inundation limits are provided, and shall comply with all applicable County and State laws pertaining to the units, including restrictions, which may limit the size and height of the units.

## EXHIBIT "B"

### Land Description

Being Lot 2-C of the BKJK Subdivision, being a portion of Lot 2, being also a portion of Grant 7943 to Joe M. Tavares, situated at Makawao, Maui, Hawaii, and identified by Tax Map Key No. (2) 2-4-013-218.

Beginning at the westerly corner of this parcel of land, being the southerly corner of Lot 2-B of the BKJK Subdivision, and being also a point on the northeasterly side of Ehu Road, the coordinates of said point of beginning referred to Government Survey Triangulation Station "Piipholo" being 4,370.29 feet south and 1,392.59 feet east and running by azimuths measured clockwise from true South; thence:

1. 232° 36' 53" 416.29 feet along Lot 2-B of this subdivision; thence
2. 286° 15' 249.82 feet along Lot 1; thence,
3. 54° 45' 572.09 feet along a portion of Grant 8024 (TMK (2) 2-4-013-188), thence,
4. 144° 56' 180.00 feet along Ehu Road to the point of beginning and containing an area of 2.143 acres, more or less.

Together with the terms, covenants, restrictions and conditions as contained in Declaration of Protective Covenants and Restrictions dated February 9, 2009, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2009-020920.

Together also with the terms, covenants, restrictions and conditions as contained in Declaration of Easement for Electrical Facilities dated February 9, 2009, recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2009-020921.

Being a portion of the premises conveyed to Developers by Quitclaim Deed executed on March 9, 2005, and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 2005-050594.

## **EXHIBIT "C"**

### **Encumbrances Against Title**

SUBJECT, HOWEVER, to the following:

1. Real property taxes which may be due and owing. Reference is made to the Tax Assessor's Office, County of Maui.
2. Reservation in favor of the State of Hawaii of all mineral and metallic mines.
3. Right-of-Entry to Board of Water Supply of the County of Maui dated September 18, 1992, and recorded in the said Bureau of Conveyances as Document No. 93-075101, granting the right of entry for the purpose and duration of the construction of the Lower Kula Water Treatment System, Part A.
4. Covenants, conditions and restrictions as set forth in the Hold Harmless Agreement dated July 3, 1993, and recorded in the said Bureau of Conveyances as Document No. 93-126691.
5. Covenants, conditions and restrictions contained in Unilateral Agreement and Declaration for Construction of a Farm Dwelling on Lands Zoned County Agricultural District or Designated State Agricultural District dated March 18, 2004, and recorded in the said Bureau of Conveyances as Document No. 2004-077035.
6. Covenants, conditions and restrictions contained in Agreement for Allocation of Future Subdivision Potential dated June 25, 2004, and recorded in the said Bureau of Conveyances as Document No. 2004-151629.
7. Covenants, conditions and restrictions contained in Subdivision Agreement (Agricultural Use) dated June 25, 2004, and recorded in the said Bureau of Conveyances as Document No. 2004-151630.
8. Covenants, conditions and restrictions contained in Subdivision Agreement (Three Lots or Less) dated January 24, 2005, and recorded in the said Bureau of Conveyances as Document No. 2005-052453.
9. Covenants, conditions and restrictions contained in Agreement for Allocation of Future Subdivision Potential dated January 24, 2005, and recorded in the said Bureau of Conveyances as Document No. 2005-052454.
10. Covenants, conditions and restrictions contained in Subdivision Agreement (Agricultural Use) dated March 11, 2005, and recorded in the said Bureau of Conveyances as Document No. 2005-145248.
11. Covenants, conditions and restrictions, if any, based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, or source of income, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law.

12. Easement to Maui Electric Company, Limited, a Hawaii corporation, and Hawaiian Telcom, Inc., (formerly known as Verizon Hawaii, Inc. formerly known as GTE Hawaiian Telephone Company Incorporated), a Hawaii corporation, dated March 17, 2006, and recorded in the said Bureau of Conveyances as Document No. 2006-051652, for utility purposes.
13. Covenants, conditions and restrictions contained in Declaration of Easements for Fire Protection Facilities, dated February 9, 2009, recorded in the Bureau of Conveyances as Document No. 2009-020922.
14. Easement "F-4" for private fire protection purposes, containing an area of 2,590 square feet, more or less in favor of Lot 2-A and Lot 2-B.
15. Covenants, conditions and restrictions contained in Bylaws of the Lot 2 Association, Inc., dated February 27, 2009, recorded in the Bureau of Conveyances as Document No. 2009-032768.
16. Covenants, conditions and restrictions contained in Declaration of Utility Easements, dated May 15, 2009, recorded in the Bureau of Conveyances as Document No. 2009-080844.
17. Terms and provisions contained in Declaration of Condominium Property Regime of Kahakapao Homesteads Mauka Condominium, dated May 15, 2009, recorded in said Bureau of Conveyances as Document No. 2009-080845, and as the same may hereafter be further amended in accordance with law or with said Declaration. (Project covered by Condominium Map No. 4805.)
18. Terms and provisions contained in Bylaws of the Association of Unit Owners of the Condominium Project known as "Kahakapao Homesteads Mauka Condominium" dated June 1, 2009, recorded in said Bureau of Conveyances as Document No. 2009-088078, as the same may hereafter be amended.
19. Mortgage dated December 1, 2006, by and between John M. Guarin, II and Kimmie S. Ouchi, husband and wife, and Mortgage Electronic Registration Systems, Inc., organized and existing under the laws of Delaware, a separate corporation acting solely as nominee for Countrywide Home Loans, Inc., a corporation organized and existing under the laws of New York, recorded in said Bureau of Conveyances as Document No. 2006-223204.

EXHIBIT "D"

CHARMAINE TAVARES  
Mayor

MILTON M. ARAKAWA, A.I.C.P.  
Director

MICHAEL M. MIYAMOTO  
Deputy Director



RALPH M. NAGAMINE, L.S., P.E.  
Development Services Administration

CARY YAMASHITA, P.E.  
Engineering Division

BRIAN HASHIRO, P.E.  
Highways Division

COUNTY OF MAUI  
DEPARTMENT OF PUBLIC WORKS  
**DEVELOPMENT SERVICES ADMINISTRATION**  
250 SOUTH HIGH STREET  
WAILUKU, MAUI, HAWAII 96793

May 27, 2009

Mr. Ryder Swatek  
KSD HAWAII  
8 Kiopaa Street, Suite 201  
Pukalani, Hawaii 96768

SUBJECT: MISCELLANEOUS INSPECTIONS # MISC 2009-0027 THRU 2009-0029  
FOR H.R.S. SECTION 514B-84(a)(2) COMPLIANCE  
LOCATED AT 75 EHU ROAD, MAKAWAO, MAUI, HAWAII  
BKJK SUBDIVISION, LOT 2-C, SUBDIVISION FILE #2.2868  
TMK: (2) 2-4-013:218

Dear Mr. Swatek:

This is regarding your March 9, 2009, requests for miscellaneous inspections on a farm dwelling and two water tanks for a preliminary condominium public report on the subject property.

**MISC 2009-0027: FARM DWELLING**

- Final Inspection for Building Permit #B2004-1187 to construct the farm dwelling with an open deck was approved on November 15, 2004. The structure was reviewed and approved as the farm dwelling not to exceed 1,000 square feet of enclosed living area. As requested, a building re-inspection was completed on April 6, 2009, and found the structure to be in general compliance with applicable building codes.
- Final Inspection for Electrical Permit #E2004-1959 relative to the farm dwelling was approved on November 9, 2004. As requested, an electrical re-inspection was completed on April 16, 2009, and found the structure to be in general compliance with applicable electrical codes.
- Final Inspection for Plumbing Permit #P2004-1734 relative to the farm dwelling was approved on October 7, 2004. As requested, a plumbing re-inspection was

May 27, 2009

Mr. Ryder Swatek

SUBJECT: MISCELLANEOUS INSPECTION # 2009-0027 THRU 2009-0029

Page 2 of 3

completed on April 1, 2009, and found the structure to be in general compliance with applicable plumbing codes.

- Please note that we were unable to inspect any of the concealed building, electrical, or plumbing work.
- The county-assigned address for the farm dwelling is 75 Ehu Road.

**MISC 2009-0028: 7,500 GALLON WATER TANK**

- Final Inspection for After-The-Fact Building Permit #B2006-1520 for construction of the 7,500 gallon water tank was approved on May 15, 2007. As requested, a building inspection was completed on April 6, 2009, and the structure was found to be in general compliance with applicable building codes.
- Final Inspection for After-The-Fact Electrical Permit #E2009-0880 relative to the water tank was approved on May 4, 2009, and the structure was found to be in general compliance with applicable electrical codes.
- A plumbing inspection was conducted on April 1, 2009, and found no work requiring a plumbing permit.
- Please note that we were unable to inspect any of the concealed building and electrical work.

**MISC 2009-0029: 30,000 GALLON WATER TANK**

- Final Inspection for After-The-Fact Building Permit #B2006-1521 for construction of the 30,000 gallon water tank was approved on May 15, 2007. As requested, a building inspection was completed on April 6, 2009, and the structure was found to be in general compliance with applicable building codes.
- An electrical inspection relative to the water tank was conducted on April 14, 2009, and found no electrical installations.
- A plumbing inspection was conducted on April 1, 2009, and found no work requiring a plumbing permit.

May 27, 2009

Mr. Ryder Swatek

SUBJECT: MISCELLANEOUS INSPECTION # 2009-0027 THRU 2009-0029

Page 3 of 3

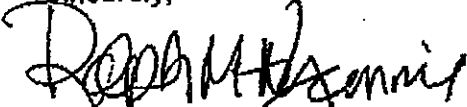
- Please note that we were unable to inspect any of the concealed building work.

**OTHER COMMENTS:**

- We issued Building Permit #B2006-1524 on July 10, 2006, for construction of the agriculture building now located on Lot 2-A, or Parcel 225.
- Subdivision File No. 2.2868 of the BKJK SUBDIVISION, subdividing Lot 2 into Lots 2-A, 2-B, 2-C, & 2-D, received final subdivision approval on June 22, 2007.
- There are no pending subdivisions, building code appeals, or administrative waivers currently in process for the premises.
- We also recommend that you call the Planning Department at (808) 270-7735 to verify if there are any variances, or if the existing or proposed uses, if any, are legally permitted.

If you have any questions regarding this letter, please call Jae Mattos at (808) 270-7250.

Sincerely,



RALPH M. NAGAMINE  
Development Services Administrator

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c: Hawaii Real Estate Branch  
Planning Department  
Real Property Tax Division

**EXHIBIT "E"**

**KAHAKAPAO HOMESTEADS MAUKA CONDOMINIUM**

**ESTIMATE OF INITIAL MAINTENANCE FEES  
AND  
ESTIMATE OF MAINTENANCE FEE DISBURSEMENTS**

**Estimate of Initial Maintenance Fees:**

| <u>Unit</u> | <u>Monthly Fee x 12 months = Yearly Total</u> |               |
|-------------|---|---------------|
| 1           | \$0.00  | \$0.00        |
| 2           | \$0.00  | \$0.00        |
|             | <b>\$0.00</b>                                 | <b>\$0.00</b> |

The Real Estate Commission has not reviewed the estimates of maintenance fee assessments and disbursements of their accuracy or sufficiency.




**Estimate of Maintenance Fee Disbursements:**

|                                   | <b><u>Monthly x 12 months = Yearly Total</u></b> |               |
|-----------------------------------|--|---------------|
| Utilities and Services            |  |               |
| Air Conditioning                  | \$ .00   | \$ .00        |
| Electricity                       | .00  |               |
| [ ] common elements only          | 0.00   | 0.00          |
| [ ] common elements and units     |  |               |
| Refuse Collection                 | .00  | .00           |
| Telephone                         | .00  | .00           |
| Water:                            | 0.00   | 0.00          |
| Maintenance, Repairs and Supplies |  |               |
| Building                          | .00  | .00           |
| Grounds                           | .00  |               |
| Insurance                         | .00  | .00           |
| Reserves(*)                       | .00  | 0.00          |
| Taxes and Government Assessments  | .00  | .00           |
| Audit Fees                        | .00  | 0.00          |
| Other                             | .00  | .00           |
| <b>TOTAL</b>                      | <b>\$ .00</b>                                    | <b>\$0.00</b> |

We, **JOHN M. GUARIN, II** and **KIMMIE S. OUCHI**, the developers for the KAHAKAPAO HOMESTEADS MAUKA CONDOMINIUM project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principles.

JUN 15 2009

Date

  
JOHN M. GUARIN, II

JUN 15 2009

Date

  
KIMMIE S. OUCHI

(\*) Mandatory reserves assessment and collection in effect beginning 1994 budget year. The Developer is to attach to this exhibit an explanation whether, in arriving at the figure for "Reserves", the Developer has conducted a reserve study in accordance with §514B, HRS, and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended.

Pursuant to §514AB, HRS, a new association created after January 1, 1993, need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting.

**RESERVES**

The Developers have not conducted a reserve study in accordance with HRS §514B-148 and the replacement reserve rules, Subchapter 6, Title 16, Chapter 107, Hawaii Administrative Rules, as amended, as there are no common elements for the KAHAKAPAO HOMESTEADS MAUKA CONDOMINIUM.

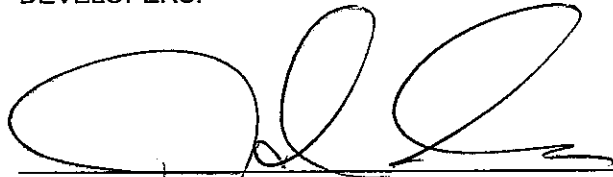
DEVELOPERS:

JUN 15 2009

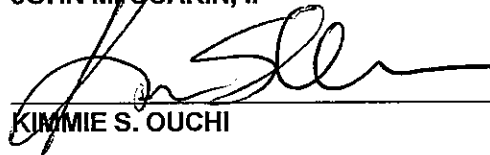
Date

JUN 15 2009

Date



JOHN M. GUARIN, II



KIMMIE S. OUCHI

## **EXHIBIT "F"**

### **Summary of Sales Contract**

1. The sales agreement contains the price and other terms and conditions under which a buyer will agree to buy a apartment in the project.
2. The sales agreement provides for the buyer to get a copy of certain legal documents that buyer should closely examine.
3. The sales agreement provides for severe penalties if buyer fails to comply with the terms and conditions of the agreement.
4. The buyer must complete the purchase of the apartment by a certain date and pay closing costs, in addition to the purchase price.
5. The buyer's money will be held in escrow under the terms of the Escrow Agreement for the project.
6. The sales agreement and the rights of the buyer under the sales agreement is subordinate to the lien of mortgages on the property.
7. The Developer is making no warranties or representations in connection with the sale of any of the apartments, except for its written limited warranty set forth in this report.
8. The buyer will have a statutory 30-day cancellation right pursuant to § 514B-86.

This is merely a summary of a few of the terms and conditions of the sales agreement, and the buyer should carefully read and review all the terms and conditions of the sales agreement before signing.

## EXHIBIT "G"

### Summary of Escrow Agreement

The Escrow Agreement sets up an arrangement under which the payments which a buyer makes under a sales agreement will be held by a neutral party ("Escrow"). Under the Escrow Agreement these things will or may happen:

- (a) Escrow will let buyers know when payments are due.
- (b) Escrow will arrange for buyers to sign all necessary documents.
- (c) The Escrow Agreement says under what conditions a refund will be made to a buyer.
- (d) The Escrow Agreement says what will happen to a purchaser's funds upon a default under the sales agreement.